



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

June 04, 2014

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**FISCAL YEAR 2014-2015 BUDGETS OF THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Fiscal Year 2014-2015 Community Development Commission of the County of Los Angeles (Commission) and the Housing Authority of the County of Los Angeles (Housing Authority) recommended Budgets totaling \$474,985,700 reflect a decrease of \$4,590,000, or 0.96%, over Fiscal Year 2013-2014.

The decrease is primarily due to the dissolution of Redevelopment Agencies in 2012 which funded our Affordable Housing program through the Housing Authority. This shortfall has since been replaced with additional funds being allocated for affordable housing development to the Commission from the County. For the 2013 allocation, a large portion was set aside to be used as capital subsidy in future years for operating expenses in lieu of project based vouchers once the projects are completed. In addition, there are reduced and expiring grants from previous years, which will be offset by additional rehabilitation projects to be funded with the Lancaster General Funds loan and the sale proceeds of the Housing Authority's Chavez administrative building. For the first time in several years, the Housing Authority is receiving increased funding from the Department

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-D June 4, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

of Housing and Urban Development (HUD). The increase in Housing Choice Voucher (HCV) funding, will be offset by the reduction in use of prior years' restricted reserves. Lastly, the Commission's budget includes the September 2013 allocation of funding from the First 5 Program to assist homeless families with children between the ages of 0 and 5.

The Commission and Housing Authority have been faced with inevitable challenges while preparing a balanced budget over the past several years due to reductions in funding sources and other major changes. We have progressed to meet these challenges, and to identify further improvements and optimal ways of managing restricted resources in order to accomplish our goal to Build Better Lives and Better Neighborhoods. The Commission and Housing Authority continue to persevere in our efforts to better serve the residents of Los Angeles County.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Adopt and instruct the Chairman to sign a Resolution (Attachment A) approving the Commission's Fiscal Year 2014-2015 Budget, which includes revenues and expenditures of \$151,378,600.
2. Instruct the Executive Director, or his designee, to implement the Commission's Fiscal Year 2014-2015 Budget and take all related actions for this purpose, including execution of all required documents.
3. Authorize the Community Development Commission to administer, on behalf of the Housing Authority, Affordable Housing Development Funds, included in the Housing Authority's current and future years' budget, for the development of affordable housing.
4. Find that the approval of the Commission's Fiscal Year 2014-2015 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chairman to sign a Resolution (Attachment B) approving the Housing Authority's Fiscal Year 2014-2015 Budget, which includes revenues and expenditures of \$323,607,100.
2. Adopt and instruct the Chairman to sign the Transmittal Resolution (Attachment B) certifying submission of the Housing Authority's Fiscal Year 2014-2015 Budget, by your Board, to HUD.
3. Authorize the Community Development Commission to administer, on behalf of the Housing Authority, Affordable Housing Development Funds, included in the Housing Authority's current and future years' budget, for the development of affordable housing.
4. Instruct the Executive Director, or his designee, to implement the Housing Authority's Fiscal Year 2014-2015 Budget and take all related actions for this purpose, including execution of all required documents.
5. Find that the approval of the Housing Authority's Fiscal Year 2014-2015 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to establish new fiscal year appropriation authority for the Commission and the Housing Authority for operations and activities.

FISCAL IMPACT/FINANCING

The combined Fiscal Year 2014-2015 Budgets include \$67,123,269 in County funds; a decrease of \$1,514,997 from Fiscal Year 2013-2014, primarily due to the timing of active construction projects that the Commission is administering on behalf of the County. Of the \$67.1 million in County funds, \$55.0 million is related to various capital projects in the First, Second and Fourth Supervisorial Districts, \$4 million in support of Affordable Housing, and \$3.9 million in support of various homeless assistance projects, including the Homeless and Housing Program Fund (HHPF). The Community Resource Center, which provides comprehensive, integrated and accessible services to youth and families in unincorporated South Whittier, is budgeting \$1.4 million for continued administrative support, as well as predevelopment for the replacement of the existing modular trailers with permanent structures. The remaining \$2.9 million is mainly in support of Community Policing, the University of California Cooperative Extension Program, and other countywide initiatives.

A total of \$10.5 million in reserves is being budgeted for Fiscal Year 2014-2015 primarily for a \$3.1 million general fund loan to Lancaster Homes to complete much needed rehabilitation work. This loan will be repaid over the next 20 years using operating revenues. Reserves include the Commission general fund, Central Office Cost Center (COCC), Housing Authority Prior Year Surplus and other reserves. The Section 8 Program is projecting to use \$2.7 million of Prior Year Housing Authority reserves to help maintain 99% or better lease up levels and to cover any administrative funding shortfall from HUD for 2014. Also budgeted is \$1.6 million to cover any shortfall in retiree medical expenses, excess legal fees and other agency costs, as needed. The remaining \$3.1 million in reserves are budgeted for Housing Authority administrative costs.

BUDGET OVERVIEW:

The combined Fiscal Year 2014-2015 Budgets include \$151,378,600 for the Commission and \$323,607,100 for the Housing Authority. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. Over half of the budget is in support of Section 8 Housing Vouchers for low- income families, seniors, the disabled and veterans. Local revenue sources include public housing dwelling rental income, County Funds and Affordable Housing Development Funds (COI).

EFFICIENCY EFFORTS:

Both the Commission and Housing Authority have endeavored to transform and update all processes through a team effort of staff and management in order to operate at our highest levels of efficiency. Our agency works to fully evaluate and streamline procedures while generating a cost savings.

Some of the efficiency improvements over the past year include:

- Development and implementation of a self-service check-in system for the Housing Authority. This system uses iPads as the end user terminals and televisions are used as the queue dashboard.

- Automation of general reporting tools in the Board Budget System with added features such as a salary merit tracking report and agency wide salary analysis.
- Development of a rotary phone messaging system for the Housing Authority. This system will automate mass messages to Section 8 landlords and tenants and Public Housing residents regarding rent payments, late payments, community meetings/events, inspection appointments, and annual re-examinations when they are due.
- Implementation of an Accounts Payable imaging program to eliminate hard copy storage, utilizing Laserfiche barcode/scanning tools with PeopleSoft Financials interface.

COMMUNITY DEVELOPMENT COMMISSION:

In Fiscal Year 2014-2015, the Commission's programs will be supported by three primary funding sources; State and County Revenue, Community Development Block Grant (CDBG) funds, and Sound Attenuation Grants.

State and County Revenue is budgeted at \$83.3 million, which consists primarily of \$56.4 million for external construction projects in the First, Second and Fourth Supervisorial Districts that the Commission is administering on behalf of the County. This total also includes funding for various Homeless Program Initiatives funded by the County and annual operating funds for the South Whittier Community Resource Center.

The 2014-2015 CDBG Program is budgeted at \$33.2 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. The annual allocation is \$21.1 million, which is \$600,000 less than in FY 2013-2014. This downward trend is due to continuous federal funding cuts. CDBG funds will be used by the Commission, the Housing Authority, 49 participating cities, six County departments, 32 community-based organizations and other public agencies, such as school districts.

Sound Attenuation Grants for the Residential Sound Insulation Program (RSIP) are budgeted at \$17.5 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

HOUSING AUTHORITY:

In Fiscal Year 2014-2015, the Housing Authority's programs will be supported by two major funding sources: Housing Assistance Revenue, and Public Housing Program Funds.

The Housing Assistance Revenue is budgeted at \$273.5 million, and will be used to provide administrative support and rental assistance for over 24,000 low- and very-low income families and seniors, including 226 units for tenants residing at the Kings Road and Lancaster Homes project-based Section 8 developments.

The Public Housing Program funding is budgeted at \$19.2 million, and is comprised primarily of \$10.7 million in rent revenues and \$8.5 million in operating subsidies. These funds are used to manage and maintain 3,237 public and affordable housing units, and to provide resident services.

The Housing Authority also includes the remaining Affordable Housing Development Funds which are budgeted at \$7.5 million for the development of housing for low-income individuals, families, and special needs populations. To date, a total of \$220.4 million has been awarded, leveraging approximately \$1.6 billion to develop 8,700 units of affordable rental, homeownership and special

needs housing units.

STAFFING:

The Commission budget includes 563 Full Time Equivalent (FTE) employees, with 527 regular and 36 contract positions. This marks the first year in over 10 years that there have not been any layoffs through the budget process due to consolidations and internal transfers.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2014-2015 marks the fourteenth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The Fiscal Year 2014-2015 operating budget includes \$5.9 million in Housing Authority capital projects for 1 continuing and 7 new projects.

On May 27, 2014, your Board approved the 2014-2015 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and Emergency Solutions Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2014-2015 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2014-2015 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify the Housing Authority's operating budget. This letter also recommends authority for the Executive Director to execute any other documents for implementation of the budget, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

County Counsel has approved the attached Resolutions as to form. On April 23, 2014, the Housing Commission recommended approval of the Housing Authority's Fiscal Year 2014-2015 Budget and related actions.

ENVIRONMENTAL DOCUMENTATION

Approval of the Commission and Housing Authority's Fiscal Year 2014-2015 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the Fiscal Year 2014-2015 Budgets will enable the Commission and the Housing

The Honorable Board of Supervisors

6/4/2014

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Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:kr

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

RESOLUTION APPROVING THE 2014-2015 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2014-2015 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$151,378,600

Expenditure and Reserve Appropriations: \$151,378,600

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 4th day of June, 2014.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: [Signature]
Deputy

DON KNABE
Chairman of the Board of Commissioners

By: [Signature]

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By: [Signature]
Deputy



RESOLUTION APPROVING THE FISCAL YEAR 2014-2015
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2014-2015 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low- and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2014-2015, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding

\$323,607,100

Expenditure and Reserve Appropriations:

\$323,607,100

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this ____ day of _____, 2014.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

DON KNABE
Chairman of the Board of Commissioners

By: _____
Deputy

By: _____

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By:  _____
Deputy

PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average **10 minutes per response**, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: *****PHA Code:

PHA Fiscal Year Beginning: *****Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☐ Operating Budget approved by Board resolution on:
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name:	Signature:	Date:
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